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09/703,357	10/31/2000	Michelle Banaugh	WELL0011	3231

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GLENN PATENT GROUP
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EXAMINER

KYLE, CHARLES R

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 07/12/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/703,357

Applicant(s)

BANAUGH ET AL.

Examiner

Charles R Kyle

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 30 April 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-68 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-68 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

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DETAILED ACTION

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

The rejection referring to DDA elements of the last office action is withdrawn based on Applicants' amendment.

Claims 1-68 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Each of the Claims recites that a "message unit comprises data that is translatable" to another format. It is unclear whether any such translation actually occurs, thus causing ambiguity. For purposes of examination, the phrasing is not considered to be limiting.

Regarding claims 1-68, the phrase "or the like" renders the claim(s) indefinite because the claim(s) include(s) elements not actually disclosed (those encompassed by "or the like"), thereby rendering the scope of the claim(s) unascertainable. See MPEP § 2173.05(d).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

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Claims 1-9, 11-13, 16-23, 25-43, 45-47, 50-57, 50-68 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Kravitz and Gopinathan et al* in view of *Utility Industry Group Implementation Standard for Electronic Data Exchange*, hereinafter, *Standard*.

Concerning Claim 35, *Kravitz* discloses the invention substantially as claimed including in an internet-based method for facilitating payments between parties, the steps of:

- a) Providing a message unit architecture having a message unit interface (MCC, Col. 37, lines 61-64);
- b) Electronically transferring funds (Col. 8, lines 21-34);
- b) Authenticating parties (Col. 7, lines 9-30) and merchant processing of a refund (Col. 37, lines 55-64) and subsequent ACH credit (Col. 11, line 61 to Col. 12, line 22) through a message unit interface (Col. 12, lines 6-14 and Col. 37, lines 61-64);
- d) Handling exceptions (Col. 36, line 38 to Col. 38, line 11);
- e) Processing and reconciling funds (Col. 12, lines 3-28; Col. 13, lines 12-26);
- f) Interfacing with a web page (Col. 2, lines 6-14)
- g) Approval of shipment of product (Col. 15, line 64 to Col. 16, line 8).

Kravitz also discloses that a decisioning system works on behalf of a merchant to facilitate processing of payments to the merchant from another party at Col. 3, lines 30-61 and that a merchant facilitates processing an ACH transfer of funds (Col. 11, line 61 to Col. 12, line 22) directly through an message unit interface (Col. 12, lines 6-14 and Col. 37, lines 61-64). Although *Kravitz* discusses risk decision making for transactions at Col. 3, lines 42-51 and Col. 49, lines 27-35, it does not specifically disclose the details of indicating a clearance to make

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transactions based on risk assessment. *Gopinathan* generally discloses features as recited in the preambles of Applicants' claims in connection with detection of fraudulent transactions, like those of *Kravitz*. See at least Abstract, Background of the Invention and Summary of the Invention. *Gopinathan* specifically discloses remaining claim limitations of reporting suspicious activity (Figure 4) and clearance to transact based on determined risk (Summary of the Invention; Figure 16; Col. 25, lines 44-62). *Gopinathan* further discloses providing a decisioning engine for providing a decisioning solution to a merchant, wherein said decisioning solution indicates clearance to the merchant to transact with parties, wherein the decisioning solution is based on a determined risk of a party at Col. 25, lines 28-62.

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have included the decision making solution disclosed by *Gopinathan* in the electronic payments invention of *Kravitz* because this would have reduced risk of loss to users of the combination. This is specifically set out by *Gopinathan* as a desirable goal at the Col. 1, lines 29-63 and set forth below:

In the following discussion, the term "credit card" will be used for illustrative purposes; however, the techniques and principles discussed herein apply to other types of customer accounts, such as charge cards, bank automated teller machine cards and telephone calling cards.

Credit card issuers conventionally attempt to limit fraud losses by immediately closing a customer's account upon receiving a report that the card has been lost or stolen. Typically, the customer's credit information is then transferred to a new account and a new card is issued. This procedure is only effective in limiting fraudulent use of lost or stolen cards after the loss or theft has been reported to the issuer.

In many cases, however, fraudulent use occurs without the knowledge of the cardholder, and therefore no report is made to the issuer. This may occur if the customer is unaware that the card has been lost or stolen, or if other techniques are employed to perpetrate the fraud, such as: use of counterfeit cards; merchant fraud; application fraud; or interception of credit cards in the mail. In all these situations, the fraudulent use may not be detected until (and unless) the cardholder notices an unfamiliar transaction on his or her next monthly statement and contests the corresponding charge. The concomitant delay in detection of fraud may result in significant losses. User fraud, in which the

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user claims that a valid transaction is invalid, is also possible.

It would likewise have been obvious to modify *Kravitz* to process a direct refund from a merchant through the decisioning engine for an ACH transfer to reduce risk of fraudulent refund transaction.

Simply put, the risk-based approval process of *Gopinathan* would reduce losses to users of the electronic payments system disclosed by *Kravitz*. This benefit would make the combination obvious.

Gopinathan further discloses a decisioning engine at Fig. 1, element 108, Figs. 8-10 and 14, and Col. 3, line 49 to Col. 4, line 3 and use of the decisioning engine to provide clearance for a transaction at Col. 25, lines 44-61.

The Claims recite a message unit architecture and several types of data. The data types are common and appear to be related to placement of orders although this is not specified in the claim language or in any more detail in the specification. Accordingly, the Examiner has identified a message unit architecture, the *Utility Industry Group Implementation Standard for Electronic Data Exchange*, hereinafter, *Standard*. *Kravitz* and *Gopinathan* fail to disclose the specific features in the newly claimed limitation. *Standard* discloses these elements as follows:

Purchase Information data	Pg. 10, ID 324
Seller Information data	Pg. 27, ID N101
Shipping Information data	Pages 17-18
Buyer entered data	Pages 7-8
Source generated data	Pg. 8, ID 143
Buyer data	Pg. 27, ID N101

Credit card data

Pg. 19, ID 107

Standard suggests the remaining element of auction data (a relevant type of purchase information data). It would have been obvious to one of ordinary skill in the art at the time the invention was made to utilize the message architecture of *Standard* in combination with *Kravitz* because this would have provided a widely used format to facilitate electronic transaction clearance. Such standards serve as a *lingua franca* for information interchange.

Limitations of Claims 36-43, 45-47, 50-52, 54-57, 59-62 and 64-68 are also disclosed by the prior art cited above.

As to Claims reciting a predetermined processing time, such predetermination would be obvious to assure a termination condition for the decisioning process.

With respect to Claims 1-9, 11-13, 16-18, 20-23, 30-34, they are the system form of Claims rejected above and are rejected in a like manner.

Claims 14, 15, 48 and 49 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Kravitz* and *Gopinathan et al* in view of *Blazing A Trail in Point of Sale Transaction*.

With respect to Claims 14 and 48, *Kravitz* and *Gopinathan* disclose the invention substantially as claimed. See the discussions set forth above. They do not specifically disclose real-time debit of funds. *Blazing* discloses real-time electronic debits at Abstract. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have used the electronic debit mechanism of *Blazing* in the combination of *Kravitz* and *Gopinathan*

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because this would have speeded payment, increased merchant confidence of payment, and reduced fraud losses as specifically disclosed by *Blazing*.

With respect to Claims 15 and 49, placing a hold on funds would be obvious because this would assure collection of funds from a payor.

Claims 10, 24, 44 and 58 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Kravitz and Gopinathan et al* in view of *Hilts et al*.

With respect to Claims 10 and 44, *Kravitz and Gopinathan* disclose the invention substantially as claimed. See the discussions set forth above. They do not specifically disclose reversible transactions. *Hilts et al* disclose such a feature at Abstract and Background of the Invention. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have provided for transaction reversal as disclosed in *Hilts* in the combination of *Kravitz and Gopinathan* because this would have allowed for restoration of the state prior to an exceptional or defective transaction so as to eliminate loss to a seller in a particular transaction.

With respect to Claims 24 and 58, see the discussions of Claims 44 and 35 above.

Response to Arguments

Applicant's arguments filed April 30, 2004 have been fully considered but they are not persuasive.

At page 3 of the Amendment, Applicants compare the *Kravitz* reference and their claimed invention. At lines 14-15, Applicants argue that "only the merchant need be registered in system

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payment processing system [sic]". This is not persuasive because at page 9, lines 4-22, particularly lines 5-7 of the Specification, Applicants admit that:

*In the preferred embodiment, the registration or enrollment feature of the claimed invention herein takes basic information from **both** the buyer and the seller such that neither has to re-enter the same information at a later time. That is, information from the registration feature is stored.*

At line 15, Applicants argue that in their invention, the customer interfaces with the merchant, not an intermediary or an agent. This is not persuasive because at Fig.1 of the Drawings, it is specifically shown that the customer **20** is directly and bi-directionally connected to a decisioning engine **10** through connection **50**.

At lines 15-17, Applicants argue that the payment process is initiated by the merchant and not the customer. Applicants later cite the Specification at page 17, lines 19-21 for support of this contention. However, refunds are the only direct function between the merchant and decisioning system in this passage or indeed anywhere in the Specification. The Specification provides no support that the merchant initiates any other type of payment related transaction. The Claim language taken in total appears to be for an invention of merchant initiated refunds only. Any other type of transaction is unsupported by the Specification. The limitation of merchant initiated refunds as claimed and argued is addressed in the rejections above. Further, it is unlikely that a system would be viable which allowed *customers* to initiate refunds to themselves.

At page 3, lines 17-20, Applicants imply that all types of payment transactions are performed directly between a merchant and ACH or FDMS. This is in conflict with the Claim

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language which states that the decisioning system is interposed between the merchant and ACH or FDMS. See Claim 1 at lines 14-16 of the Amendment.

The remainder of Applicants' discussion addresses reference to the Specification and argument that dependent Claims are allowable as depending on independent Claims they consider allowable.

The rejections are maintained.

Conclusion

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

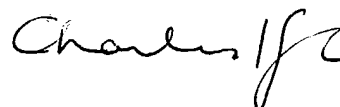
Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles R Kyle whose telephone number is (703) 305-4458. The examiner can normally be reached on M-F 6:00-2:30.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (703) 308-1065. The fax phone number for the organization where this application or proceeding is assigned is (703) 746-5560.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is (703) 308-1113.

Examiner Charles Kyle



crk
July 2, 2004



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